

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY

**Financial Statements for the
Year Ended June 30, 2023**

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY

**Financial Statements for the
Year Ended June 30, 2023**

BOARD MEMBERS

Dr. Charles V. Sikes, President

Dr. Scott L. Philippe, Secretary-Treasurer

Dr. Jerry N. Ellington

Dr. Mollie B. Glenn

Dr. Michael J. Haines

Ms. Emily Nicholson

Mr. Harry L. Southerland

EXECUTIVE OFFICERS

Dr. William B. Rafferty, Executive Director

Samantha Goode, Administrative Director

LEGAL COUNSEL

Johnny M. Loper, Attorney At-Law

Loper Law, PLLC

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY

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NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the year ended June 30, 2023. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2023, the Board's net position increased by \$139,270, or 18.1%, due primarily to the Board's gain on investments of \$39,957 and an increase in examination fees of \$33,265.

During 2023, the operating revenues of the Board increased by \$74,231, or 11.2%, due primarily to an increase in examination fees revenue of \$33,265 and an increase in branch office initial fees revenue of \$18,875.

During 2023, the non-operating revenues of the Board (net of gain (loss) on investments) increased by \$172,718, due primarily to the Board's gain on investments.

During 2023, the operating expenses of the Board increased by \$23,794 or 3.7%, due primarily to an increase in examination expense of \$18,218 or 27.8%.

Overview of the Financial Statements

This financial report consists of two sections: Management's Discussion and Analysis and the Financial Statements. The Board has no other supplementary information required by Governmental Accounting Standards Board (GASB). The Financial Statements also include notes to the financial statements that provide detail of the information included in the financial statements.

The financial statements of the Board report information about the Board using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about the activities of the Board.

The Statement of Net Position presents the current and long-term portions of assets and liabilities separately. The Statement of Revenues, Expenses, and Changes in Net Position presents information on how the Board's assets changed as a result of its operations. The Statement of Cash Flows presents information on how the Board's cash changed as a result of its financial activities.

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$909,532 for the year ended June 30, 2023. The largest component of net position was investments. Investments represented 85.7% of total net position. The following is a summary of the Statement of Net Position.

	Current Year as of June 30, 2023	Prior Year as of June 30, 2022	Amount of Change	Percentage Change
Current assets	\$ 533,250	\$ 455,963	\$ 77,287	16.95%
Capital assets	11,377	9,469	1,908	20.15%
Other assets	779,507	721,735	57,772	8.00%
Total assets	<u>\$ 1,324,134</u>	<u>\$ 1,187,167</u>	<u>\$ 136,967</u>	<u>11.54%</u>
Current liabilities	\$ 414,602	\$ 416,905	\$ (2,303)	-0.55%
Long-term liabilities	0	0	0	0.00%
Total liabilities	<u>\$ 414,602</u>	<u>\$ 416,905</u>	<u>\$ (2,303)</u>	<u>-0.55%</u>
Invested in capital assets	\$ 11,377	\$ 9,469	\$ 1,908	20.15%
Unrestricted	898,155	760,793	137,362	18.06%
Total net position	<u>\$ 909,532</u>	<u>\$ 770,262</u>	<u>\$ 139,270</u>	<u>18.08%</u>

The following is a summary of the Statement of Revenues, Expenses, and Changes in Net Position.

	The year ended June 30, 2023	The year ended June 30, 2022	Amount of Change	Percentage Change
Operating revenues	\$ 736,778	\$ 662,547	\$ 74,231	11.20%
Operating expenses	(665,153)	(641,359)	(23,794)	3.71%
Non-operating revenues	67,644	(105,074)	172,718	164.38%
Change in net position	<u>\$ 139,269</u>	<u>\$ (83,886)</u>	<u>\$ 223,155</u>	<u>266.02%</u>
Ending net position	<u>\$ 909,532</u>	<u>\$ 770,262</u>	<u>\$ 139,270</u>	<u>18.08%</u>

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following is a breakdown of operating revenues by source.

	The year ended June 30, 2023	The year ended June 30, 2022	Amount of Change	Percentage Change
Individual renewals	\$ 432,600	\$ 426,690	\$ 5,910	1.39%
Branch office initial fees	86,368	67,493	18,875	27.97%
Branch office renewals	93,603	79,702	13,901	17.44%
Examination fees	75,200	41,935	33,265	79.33%
Professional initial fees	795	1,007	(212)	-21.05%
Professional renewals	11,600	12,213	(613)	-5.02%
Provisional license fees	5,900	900	5,000	555.56%
Renewal penalties	4,605	5,270	(665)	-12.62%
Continuing education fees	26,107	27,037	(930)	-3.44%
Other operating revenues	0	300	(300)	-100.00%
Total	<u>\$ 736,778</u>	<u>\$ 662,547</u>	<u>\$ 74,231</u>	<u>11.20%</u>

The following is a breakdown of non-operating revenues by source.

	The year ended June 30, 2023	The year ended June 30, 2022	Amount of Change	Percentage Change
Interest income	\$ 10,935	\$ 1,106	\$ 9,829	888.70%
Dividend income	17,815	12,240	5,575	45.55%
Gain (loss) on investments	39,957	(116,572)	156,529	134.28%
Gain (loss) on capital assets	(1,063)	(1,848)	785	42.48%
Total	<u>\$ 67,644</u>	<u>\$ (105,074)</u>	<u>\$ 172,718</u>	<u>164.38%</u>

Events Affecting Future Operations

A committee appointed by the North Carolina Legislature, the Joint Legislative Administrative Procedure Oversight Committee, has been performing a study concerning the deregulation, elimination and consolidation of occupational licensing boards in the State of North Carolina. The effect of any resulting legislation on the Board's operations in future years is not certain at this time.

Contacting the Board's Management

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact: Dr. William B. Rafferty, Executive Director, North Carolina State Board of Examiners in Optometry, 521 Yopp Road, Suite 214 #444, Jacksonville, North Carolina 28540.



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Independent Auditor's Report

Members of the Board
North Carolina State Board of Examiners in Optometry
Jacksonville, North Carolina

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the North Carolina State Board of Examiners in Optometry (the "Board"), an enterprise fund of the State of North Carolina, which comprise the statement of net position as of June 30, 2023, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements.

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of the North Carolina State Board of Examiners in Optometry as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the North Carolina State Board of Examiners in Optometry and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the North Carolina State Board of Examiners in Optometry's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North Carolina State Board of Examiners in Optometry's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Carolina State Board of Examiners in Optometry's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Thompson, Price, Scott, Adams & Co., PA

Elizabethtown, North Carolina

October 30, 2023

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>June 30, 2023</u>
	<u>Proprietary- Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 529,388
Accounts receivable - investigative and legal fee reimbursements (Note 4)	3,650
Prepaid expense (Note 1)	212
Total current assets	<u>533,250</u>
Capital assets (Notes 1 and 5):	
Office furniture and equipment	11,377
Total capital assets - net of depreciation	<u>11,377</u>
Other assets:	
Investments (Notes 2 and 3)	779,507
Total other assets	<u>779,507</u>
TOTAL ASSETS	<u><u>\$ 1,324,134</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES:	
Current liabilities:	
Accounts payable (Note 6)	\$ 9,267
Accrued payroll (including payroll taxes and related costs)	8,109
Accrued compensated leave (Notes 1 and 8)	24,091
Unearned revenue (Note 1)	373,135
Total current liabilities	<u>414,602</u>
TOTAL LIABILITIES	<u>414,602</u>
NET POSITION (NOTE 1)	
Invested in capital assets	11,377
Unrestricted net position	898,155
TOTAL NET POSITION	<u><u>909,532</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 1,324,134</u></u>

See notes to financial statements.

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	2023
	Proprietary- Enterprise Fund
OPERATING REVENUES:	
Fees, licenses and fines:	
Regular individual license renewal fees	\$ 432,600
Branch office initial fees	86,368
Branch office renewal fees	93,603
Examination fees	75,200
Professional corporation initial fees (including PLLCs and others)	795
Professional corporation renewal fees (including PLLCs and others)	11,600
Provisional license fees	5,900
Renewal penalties	4,605
Professional education fees	26,107
Total operating revenues	\$ 736,778
OPERATING EXPENSES:	
Personal services (and board members expenses):	
Salaries and wages (including accumulated leave)	\$ 334,217
Payroll taxes	22,655
Retirement (Note 9)	24,803
Dental reimbursement plan (Note 11)	209
Board members regular meeting expenses	33,275
Board members special meeting expenses	6,934
Supplies and materials:	
Office supplies and expenses	527
Services:	
Legal and investigative fees	62,239
Audit fees	8,250
Accounting/budget fees	19,615
Computer software and programmer fees	34,722

See notes to financial statements.

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

OPERATING EXPENSES (CONTINUED):

Bank service charges	512
Interest	34
Consultant fees	1,124
Printing and copying	1,739
Postage	1,370
Utilities	521
Telephone	7,639
Examination expenses	83,847
Storage	792
Depreciation	3,159
Commercial insurance (Note 11)	14,670
Other expenses:	
Dues and registration fees	2,300
Total operating expenses	<u>\$ 665,153</u>
Operating income (loss)	<u>\$ 71,625</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	\$ 10,935
Dividend income	17,815
Realized and unrealized gain (loss) on investments	39,957
Gain (loss) on disposal of capital asset	(1,063)
Total non-operating revenues	<u>\$ 67,644</u>
Change in net position	<u>\$ 139,269</u>
Net position - beginning of year	<u>770,262</u>
Net position - end of year	<u><u>\$ 909,532</u></u>

See notes to financial statements

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	2023
	Proprietary- Enterprise Fund
Cash flows from operating activities:	
Cash received from fees	\$ 740,175
Cash payments to employee(s) for services	(370,445)
Cash payments for operating expenses	(299,750)
Net cash provided (used) by operating activities	\$ 69,980
Cash flows from capital and related financing activities:	
Acquisition of capital assets	\$ (6,129)
Net cash provided (used) in capital and related financing activities	\$ (6,129)
Cash flows from investing activities:	
Interest and dividends	\$ 28,750
Proceeds from sale of investments	29,668
Purchases of investments	\$ (47,483)
Net cash provided (used) by investing activities	\$ 10,935
Net increase (decrease) in cash	\$ 74,786
Cash - beginning of year	454,602
Cash - end of year	\$ 529,388

See notes to financial statements.

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	2023
	Proprietary- Enterprise Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 71,625
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	\$ 3,159
Changes in assets and liabilities:	
Receivables	(2,650)
Prepaid expense	149
Accounts payable	(17,139)
Other liabilities	11,439
Unearned revenue	3,397
Total adjustments	\$ (1,645)
Net cash provided (used) by operating activities	\$ 69,980
Non-cash investing, capital and financing activities:	
Changes in fair value of investments	\$ 10,289
Gain/(loss) on disposal of capital assets	(1,062)

See notes to financial statements.

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina State Board of Examiners in Optometry (the "Board") is an independent state agency. It is an occupational licensing board and is authorized by Chapter 90 of the North Carolina General Statutes. The Board is composed of seven members who are appointed by the Governor of the State of North Carolina. It is a nonmajor enterprise fund of the primary government of the State of North Carolina and is reported as such in the State's Comprehensive Annual Financial Report (CAFR).

The Board is established to maintain minimum standards for services provided by optometrists.

The Board's operations are financed with self-generated revenues from fees charged to licensees.

Financial Reporting Entity

The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The accompanying financial statements present all funds and activities for which the Board is responsible.

For financial reporting purposes, the Board is a nonmajor enterprise fund of the primary government of the State of North Carolina and is reported as such in the State's Annual Comprehensive Financial Report. These financial statements for the Board are separate and apart from those of the State of North Carolina and do not present the financial position of the State nor changes in the State's financial position and cash flows.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Basis of Accounting

The basic financial statements of the Board are prepared using the economic resource measurement focus and the accrual basis of accounting. The economic resource measurement focus measures all assets that are available to the entity, not only cash or soon to be assets. Both long-term assets and long-term liabilities are measured, and depreciation is recorded as a cost of operations. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of cash flows. Fees received for the various licenses are deemed earned when the license period begins on July 1st.

The Statement of Revenues, Expenses, and Changes in Net Position classifies the Board's revenues as operating or non-operating revenues. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenues consist primarily of license fees and includes activities that have characteristics of exchange transactions. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Non-operating revenues and expenses consist of those revenues and expenses that are related to investing, capital, and non-capital financing activities; and are classified as non-operating in the financial statements.

Cash and Cash Equivalents

This classification includes undeposited receipts, petty cash, checking accounts and time deposits (excluding certain certificates of deposit, if any) held by the Board.

Investments

The Board is authorized to invest idle funds in accordance with North Carolina General Statutes. This classification generally consists of mutual funds held by the Board for investment. Investments are reported at fair value.

Accounts Receivable

This classification includes receivables for reimbursements due from licensees for investigative and legal expenses charged to licensees.

Prepaid Expense

This classification includes various minor expenses which were prepaid at year end.

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Capital Assets

Property and equipment are stated at cost and are being depreciated over their useful lives on a straight-line basis. The Board capitalizes assets that have a value or cost of \$100 or greater at the date of acquisition and an estimated useful life of more than one year. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets, generally estimated as follows: office furniture and equipment, 5 to 10 years.

Compensated Absences

After meeting the years of aggregate service qualification period worked requirements (except that prior grand-fathered leave beginning balance is in place), Board employees may accumulate up to a maximum of twenty days vacation per year and up to a maximum of twelve days of sick leave per year. Employees may also accrue extra compensatory time worked. These days cannot be carried forward to the next fiscal year. Accumulated earned compensated leave payable at June 30, 2023 which was grand-fathered leave existing prior to the current Board policy consisted of the following:

	<u>June 30, 2023</u>
Current portion	\$ 24,091
Long-term portion	<u>-</u>
Total	<u>\$ 24,091</u>

Unearned Revenue

The Board's fees are assessed and collected on a calendar year basis. Licenses are renewed for a period of one year. License fees received in the latter part of the fiscal year are deferred and recognized as revenue over the period to which they relate. Examination fees collected during the current year, which examinations are given subsequent to year end, are deferred and recognized in the succeeding year.

Net Position

Investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any loan proceeds that are attributable to the acquisition, construction, or improvement of those capital assets.

Restricted net position - This component of net position consists of net position which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external parties. The Board had no *restricted net position*.

Unrestricted net position - This component of net position consists of net position that does not meet the definition of *restricted or invested in capital assets*.

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Deposits and Investments

Deposits

All of the Board's deposits which are uninsured are uncollateralized [unless collateralized pursuant to NCGS 159-31 and NC Administrative Code (20 NCAC 7)] by the financial institution holding said deposits. For deposits, custodial credit risk is the risk that in the event of the failure of the depository (or counterparty), the Board will not be able to recover the value of its deposits that are in the possession of the outside party. The Board does not have formal written policies regarding custodial credit risk for deposits.

At June 30, 2023, the Board's deposits had a carrying amount of \$529,388 and a bank balance of \$546,184, which was covered by federal depository insurance (including the cash account held in the Board's brokerage account).

Investments

Investments are subject to the following risks as defined by GASB Statement No. 40, Deposit and Investment Risk Disclosures – An Amendment of GASB Statement No. 3.

Interest rate risk - Interest rate risk is the risk the Board may face should interest rate variances affect the fair value of investments. As a means of limiting its exposure to fair value losses arising from market fluctuations and interest rate variances, the Board limits its investments to mutual funds, United States government mortgage-backed securities, and to certificates of deposits with maturities of no more than 48 months.

Credit risk - Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. Investments of the Board are subject to the statutory requirements of North Carolina General Statutes, however the Board's present policy for managing credit risk is to limit its investments to mutual funds, United States government mortgage-backed securities, and to certificates of deposits with maturities of no more than 48 months.

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Note 2 – Deposits and Investments (Continued)

The following table presents fair value of investments by type and investment subject to interest rate risk and credit risk at June 30, 2023, for the Board's investments.

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (loss)</u>
Certificates of Deposit	\$ -	\$ -	\$ -
US Mortgage-Backed Securities	-	-	-
Mutual Funds	<u>784,388</u>	<u>779,507</u>	<u>(4,881)</u>
	<u>\$ 784,388</u>	<u>\$ 779,507</u>	<u>\$ (4,881)</u>

Reconciliation of Deposits and Investments

A reconciliation of deposits and investments for the Board to the basic financial statements at June 30, 2023 is as follows:

	<u>June 30, 2023</u>
Carrying Amount of Bank Deposits - Bank Accounts	\$ 529,388
Carrying Amount of Bank Deposits - FDIC Brokerage Account	-
Certificates of Deposit	-
US Government Mortgaged-Backed Securities	-
Mutual Funds	<u>779,507</u>
Total Deposits and Investments	<u>\$ 1,308,895</u>
Current:	
Cash and Cash Equivalents	\$ 529,388
Noncurrent:	
Investments	<u>779,507</u>
Total Deposits and Investments	<u>\$ 1,308,895</u>

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Note 3 - Fair Value Measurements

Fair value, as defined under US GAAP is an exit price representing the price that would be received to sell or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Board's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following tables set forth by level, within the fair value hierarchy, the Board's financial assets (and liabilities, if applicable) accounted for at fair value on a recurring basis as of June 30, 2023.

	2023			
	Total Fair Value	Level 1	Level 2	Level 3
Certificates of Deposit	\$ -	\$ -	\$ -	\$ -
US Mortgage-Backed Securities	-	-	-	-
Mutual Funds	779,507	779,507	-	-
	<u>\$ 779,507</u>	<u>\$ 779,507</u>	<u>\$ -</u>	<u>\$ -</u>

Note 4 - Accounts Receivable - Investigative and Legal Fee Reimbursements

At June 30, 2023, licensees' accounts receivable for investigative and legal fee reimbursements were as follows:

	Amount of Reimbursement	Received by June 30, 2023	Receivable at June 30, 2023
Non-Public Letters of Concern	5,400	1,750	3,650
	<u>\$ 5,400</u>	<u>\$ 1,750</u>	<u>\$ 3,650</u>

Management has determined that all accounts are collectible. Therefore, no allowance for doubtful accounts has been established.

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Note 5- Capital Assets

Changes in capital assets as of and for the year ended June 30, 2023 is as follows:

	Cost 06-30-22	Acquisitions	Disposals	Cost 06-30-23	Accumulated Depreciation	Net Amount
Office/computer equipment	\$ 28,799	\$ 6,129	\$ 15,606	\$ 19,322	\$ 7,945	\$ 11,377
	<u>\$ 28,799</u>	<u>\$ 6,129</u>	<u>\$ 15,606</u>	<u>\$ 19,322</u>	<u>\$ 7,945</u>	<u>\$ 11,377</u>

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the books. Any gain or loss on disposition is reflected in earnings for the period. Depreciation expense was \$3,159 for the fiscal year ended June 30, 2023. There was a loss on the disposal of capital assets in the amount of \$1,063.

Note 6 - Accounts Payable

Accounts payable consists of amounts due to vendors in the ordinary operations of the Board. Accounts payable due in the ordinary operations of the Board which are due to other state agencies (if any) are reported separately. Accounts payable due to vendors at June 30, 2023 was \$9,267.

Note 7 - Operating Leases

The Board has no operating leases as of June 30, 2023.

Note 8 - Accrued Compensated Leave

A summary of changes in accrued compensated leave for the year ended June 30, 2023 follows:

	Balance 06-30-22	Additions	Deletions	Balance 06-30-23	Current	Non- Current
Compensated absences	\$ 24,091	\$ -	\$ -	\$ 24,091	\$ 24,091	\$ -
	<u>\$ 24,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,091</u>	<u>\$ 24,091</u>	<u>\$ -</u>

Note 9 - Retirement Plan(s) and Postemployment Benefits Other Than Retirement Plan(s)

401(k) Retirement Plan

After the Board terminated the old Simplified Employee Pension Plan on June 30, 2020, a new 401(k) retirement plan was setup for the fiscal year ended June 30, 2021. The Board continued this retirement plan in 2023. This plan is considered a "Safe Harbor Plan," which allows the employer to avoid most annual compliance tests, making the plan easier to administer. There are 3 types of safe harbor plans. The Board chose the Non-Elective Safe Harbor. Under this plan, eligible employees get an annual employer contribution of 3% of their salary. This amount is immediately fully vested, and the employee gets it whether or not they contribute to the plan. In addition, the Board matches employee voluntary contributions up to 4% of wages. The Board's retirement expense for fiscal year ended June 30, 2023 was \$24,803. This amount included employer contributions of \$22,253 and administrative fees of \$2,550.

NORTH CAROLINA STATE BOARD OF EXAMINERS IN OPTOMETRY
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YEAR ENDED JUNE 30, 2023

Note 10 - Contingencies

The Board is involved in occasional disciplinary hearings throughout the year which arise in the ordinary course of its operations. In the opinion of management of the Board, the results of such actions during the year under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the year herein ended.

Note 11 - Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled by participation in certain state-administered risk programs and self-retention of certain risks. Additionally, the Board protects itself from exposure to loss through the purchase of commercial insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior year, and no insurance claims were filed during the year ended June 30, 2023.

Public Officers and Employees Liability Insurance - Tort claims against Board members of up to \$1,000,000 (NCGS 143-299.2) are retained by the State under the authority of the State Tort Claims Act. Additional coverage is provided by the Board through the purchase of excess Director's and Officer's Liability insurance with a private insurance carrier.

Fire and Other Loss Insurance - Fire and coverage of property and other losses are covered with a private insurance carrier.

Employee and Computer Fraud - The Board is protected for losses from employee dishonesty and computer fraud with a private insurance carrier.

Comprehensive Major Medical Insurance - Employees are provided health care coverage under a private health insurance carrier.

Health Insurance Coverage – Effective October 2018, the Board no longer has a group health insurance plan.

Dental and Vision Reimbursement Plan - On July 25, 1991, the Board approved a self-insured dental plan for full-time employees to which the Board contributes \$25 per month per employee. Effective July 1, 2016, the plan was amended to include vision coverage, to which the Board contributes an additional \$25 per month per employee. Benefits are only payable for actual dental and vision work performed during the time the employees are employed by the Board, and benefits are subject to an unlimited carryover period. The plan sets a maximum dental and vision benefit payable.

Employee Life Insurance - Employees are provided life insurance coverage under a private insurance carrier.

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YEAR ENDED JUNE 30, 2023

Note 12 - Subsequent Events

Subsequent events have been evaluated through October 30, 2023, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. There are no subsequent events that are expected to have a significant effect on board operations.